



# STATE ENTERPRISE ZONE PROJECT DESIGNATION (EZIP)

## DESCRIPTION

An Enterprise Zone Project (EZIP) is an economic development tool that allows the community to partner with the State to offer a package of local and state tax and regulatory benefits to assist businesses seeking to locate, expand, or retain jobs in economically distressed areas. Within the City of San Antonio, all census tract block groups, in which at least 20% of the residents have an income at or below 100% of the federal poverty level, now qualify as State Enterprise Zone Project areas. City Council must nominate companies for Enterprise Zone Project designation and the State must approve each designation. By locating within a State Enterprise Zone, a company is eligible to apply for Enterprise Zone Project designation, subject to approval by City Council and the State of Texas.

## ELIGIBILITY

- ❖ Expansion must take place within a State-designated Enterprise Zone Project area.
- ❖ To qualify for these state EZIP benefits, 25% of all new hires must be economically disadvantaged or zone residents.
- ❖ If the project is not in the zone, companies may still be designated as EZIP if 35% of all new hires are economically disadvantaged, or zone residents.
- ❖ Project designation must be in place within 90 days of any purchases, or new hires to receive benefit from this program.
- ❖ City Council must nominate companies for EZIP designation and the State must approve designation.

## BENEFITS

Designated projects are eligible for state sales and use tax refunds on taxes paid for equipment and machinery, materials used in building a new structure, taxable services, and electricity/natural gas used in zone business operations. Designation projects are also eligible for state franchise tax credits, based on job creation and capital investment.

### Sales and Use Tax Refunds:

The following investment and sales tax refund thresholds were effective on September 1, 2003 and amended June 15, 2007:

- ❖ An investment of \$1,000,000 - \$4,999,999 will result in a refund of up to \$2,500 per job with a maximum refund of \$312,500 for the creation, or retention of 125 jobs.
- ❖ An investment of \$5,000,000 - \$149,999,999 will result in a refund of up to \$2,500 per job, with a maximum refund of \$1,250,000 for the creation, or retention of 500 jobs.
- ❖ An investment of \$150,000,000 - \$249,999,999 will result in a refund of up to \$5,000 per job, with a maximum refund of \$2,500,000 for the creation, or retention of 500 jobs.
- ❖ An investment of \$250,000,000 or more will result in a refund of up to \$7,500 per job, with a maximum refund of \$3,750,000 for the creation, or retention of 500 jobs.
- ❖ On taxes paid for labor to remodel, rehabilitate, or construct a structure, purchase of building materials, machinery/equipment, electricity and natural gas purchased and consumed in the normal course of business in the enterprise zone.

## FOR MORE INFORMATION:

Call (210) 207-8080 or visit [www.SanAntonio.gov/EDD](http://www.SanAntonio.gov/EDD)

